

**9 MARCH 2000**



**Supply**

**ELEMENTS REQUIRING HIGHER LEVEL  
APPROVAL**

**COMPLIANCE WITH THIS PUBLICATION IS MANDATORY**

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OPR: OO-ALC/LGMR (Dan Booth)  
Supersedes Hill AFB Instruction 23-104,  
2 June 1997

Certified by: (Michael McBride)  
Pages: 8  
Distribution: F

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This instruction implements *AFMCMAN 23-1, Recoverable Consumption Item Requirements System (D041 Users Manual)*. This instruction provides guidance relative to specific elements of the Recoverable Item Computation D041 requiring approval and authority for their use. It also prescribes the signature levels for expenditure of funds for buy repair, or termination actions. It applies to Inventory Management Specialists (IMS), Materiel Managers (MM), and Equipment Specialists (ES) in those directorates involved in determining and managing material requirements. These include the Mature and Proven Aircraft (MAPA) Directorate (OO-ALC/LC), Commodities Directorate (OO-ALC/LI), the Silo Based ICBM System Program Office (OO-ALC/LM), the Logistics Management Directorate (OO-ALC/LGF), the Space and Communications Directorate (OO-ALC/LH), the Air-to-Surface Munitions Directorate (WM) the Training Systems Management Directorate (YW) and the F-16 Management Directorate (YP). It does not apply to the Air National Guard or United States Reserve units at Hill AFB.

**SUMMARY OF REVISIONS**

It revises and adds the local OO-ALC Directorates that must comply with this directive. It provides additional outlining policy and guidelines specifically tailored to the Product Directorates of Hill AFB, UT. This directive incorporates a revised signature level matrix (dollar threshold) for buy, repair, termination and excess requirements. A ( | ) indicates revision from previous edition.

**1. GENERAL.** Various elements of data within the D041 system may exceed the system standards or system capabilities. Other elements of data may be within acceptable system limitations but require specific authorization for their use. These elements will normally involve additive requirements, retention of materiel or expenditure of funds. Justification and authorization of higher management must be obtained and made available for all levels of review.

**2. PROCEDURES:** Attachments 1 through 3 outline conditions which require management approval above the Inventory Management Specialist (IMS), Materiel Manager (MM) and Equipment Specialist (ES) level.

2.1. IMS, MM and ES Review. The IMS/MM will sign the final computation or D041B, whichever reflects the buy, repair, termination or excess numbers showing in the final Central Secondary Item Stratification (CSIS) on the signature page. Items requiring buy, termination, or excess action will be signed by the IMS/MM. All quarterly factor and usage printouts are required to be signed by both the ES and the IM/MM and the ES must provide a copy to the IMS/MM. When the IM/MM and the ES have signed the initial factors/usage print-out, and a "factor" error is found on the final computation, which requires a D041B, the IM/MM and ES, in a coordinated effort, will annotate the error and corrective action taken on the factors/usage print-out, attaching all verification documentation. This action will require the signature of the IM/MM, the ES, as well the ES's Supervisor. The above listed direction applies to budget cycles (Mar and Sep) which must be worked and the off cycles (Jun and Dec) when worked, as directed by the individual Product Directorates. **Terminations must be worked every quarter.** If action was taken in a prior cycle, signatures are not required again for the current fiscal year unless the dollar value has increased to a higher signature level.

2.2. Computation Signature Levels. The signature page of the computation will be completed for all buys, and signed at the level indicated by the dollar value on Attachment 1 of this publication. For terminations, the signature page will be signed at the level indicated by the dollar value and annotated with the proper termination code per HILL AFB Instruction 23-102 and AFMCMAN 23-1, Chap 10.4.3. If signatures were obtained in a previous fiscal year, a notation will be made indicating the computation cycle previously approved, the dollar value and the signature level obtained.

2.3. Repair Requirement. On the September cycle, the apportionment year (AY) repair requirement and dollar value will be annotated on the signature page of the computation, and signed at the level indicated on Attachment 3, of this document. (Refer to Attachment 3 regarding specific instructions on validating the price for repair).

2.4. Insurance (INS) and Non Stockage Objective (NSO) Review. For INS and NSO items in a buy or termination status, an S01 will be extracted from the CSIS and submitted for approval (the INS/NSO listing may also be used). The INS/NSO status listing will be reviewed for repair requirements, and the Automated Budget Compilation System (ABCS) B21 repair Worksheet (pulled after final cut-off) signed at the dollar value indicated on Attachment 3, this document.

2.5. Excess Review. The IMS/MM and ES will review all excesses for retention or disposal action. Signatures will be obtained according to Attachment 2 of this directive.

2.6. All required signature action for buy, termination, repair or excess will be accomplished NLT 180 days after asset cutoff date of the computation cycle.

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Director, Logistics Management

## Attachment 1

## DO41 DATA ELEMENTS REQUIRING MANAGEMENT APPROVAL

<u>ELEMENT</u>	<u>CONDITION</u>	<u>LEVEL</u>	<u>DOCUMENTATION-</u>	<u>DIRECTIVE</u>
Administra- tive Lead Time	Exceeds the standard	First Line Supervisor Yearly	<i>AFMC Form 505</i> , autoated lead time spreadsheet or letter in item folder	<i>AFMCMAN 23-1</i>
Production Lead Time	If estimated and exceeds 24 months	First Line Supervisor yearly	<i>AFMC Form 505</i> , autoated lead time spreadsheet or letter in item folder	<i>AFMCMAN 23-1</i>
Item Category Code	R Freeze Code and retention level quan- tity (Manual Input)	\$ Value per signature matrix for Buys, Termi- nations, and excess (See Attachment 2)	<i>AFMC Form 505</i> or signed letter in item folder prior to input to D041. Semiannually on SMGC C & E, Annu- ally on SMGC K items	<i>AFMCMAN 23-1</i>
Selective Management Code	If SMGC doesn't meet established criteia	First Line Supervisor	<i>AFMC Form 505</i> or leter in item folder	<i>AFMCMAN 23-1</i>

## Attachment 2

## SIGNATURE MATRIX FOR ALL COMPUTED BUYS AND TERMINATIONS

		FIRST LINE	PRODUCT	FMI
		DIVISION	SYSTEM	
SIGNATURE LEVEL	<u>IMS/ES</u>	<u>SUPERVISOR</u>	<u>ANALYST</u>	<u>ANALYST</u>
DOLLAR VALUE	Up to \$499,999	\$500,000 and over	\$500,000 and over	\$1,000,000 and over

- BUYS** The final Requirements Computation or D041B will be sent forward for approval to the dollar level for which the scrubbed buy, repair, termination or retention of excess is submitted (this applies to ERRC codes "T", "C", "N" and "P").

Decreases to the basic buy submitted by a purchase request (PR) amendment will be signed according to the dollar value of the decrease but no higher than first line supervisor.

Increases to the basic buy will be signed at the level of the increase. However, if the total dollar value, including the value of the quantity on PR exceeds the previously signed level, the computation will be approved at the above dollar value.

- TERMINATIONS** **Terminations must be worked every cycle.** The computation will be signed at the above dollar level. If an error is corrected with a D041B and the item is no longer in termination, the IMS/MM will document and sign the D041B (SO1 or Insurance/NSO Item Status Listing for INS/NSO items). Further signature is not required; however, the current CSIS must be updated and the D041 database corrected for the next cycle.

- Termination action will be taken without regard to cost for all items applicable to a weapon system with a declining program, except in cases where logic dictates that termination is not in the best interest of the government. In those cases, all computations must be signed at a minimum of Directorate level, regardless of dollar value.

If termination charges are 100% or more of the contract value, the IMS/MM may dispose of unserviceable assets equal to the termination quantity in lieu of terminating. Repairable assets should be removed from the computation and the CSIS updated with file maintenance action or D041B prior to the end of the CSIS Update period (or prior to the end of the final file maintenance period when the Requirements Management System (RMS) comes on line). Signature per Attachment 1 Matrix is not required.

The following termination policy changes contained in AFMCMAN 23-1, Chapter 10.3.4 also applies and takes precedence over Hill AFB Instruction 23-104.

If a contract is eligible for termination, the IMS/MM will initiate termination action with an AF Form 3056. They will remove on-order quantities equal to the termination quantity from the computation with file maintenance action or a D041B prior to the end of CSIS update period (or prior to the end of the final file maintenance period under RMS). If a Purchase Request (PR) is eligible for reduction or cancellation and a PR Amendment has been submitted, the IMS/MM will remove PR funded assets from the computation with a D041B. If termination quantities were delivered after the asset cutoff date, the IMS/MM will update the computation with a D041B prior to the end of the CSIS update period to show the assets on hand instead of on-order. If assets are diverted to another use in lieu of termination, the diverted assets will be removed from computation and the asset reconciliation corrected. Documentation must be retained substantiating the sale to a customer.

Automated Budget Compilation System (ABCS) procedures and coding will be performed per AFMCMAN 23-1, Chapter 10.4. Use of the following termination codes require a minimum of **Directorate Signature** regardless of dollar value.

**CODE 06: WILL NOT TERM, ADDITIONAL APPLICATIONS. ANTICIPATED.** Termination action will not be taken because additional applications (not currently reflected in the D041 computation) are anticipated. Limit use to one cycle. Signature level no lower than Directorate, required for non-termination decision.

**CODE 11: WILL NOT TERM, DATA SUSPECT PENDING ESEARCH.** Used when file maintenance action or D041B cannot be done. Limited to the following suspect data: Programs, RSP, contractor data. Limit to one cycle. Signature level no lower than Directorate, required for non-termination decision.

**CODE 12: OTHER, WILL NOT TERMINATE.** Used when a non-termination decision does not fall under codes 02 through 11. All code 12 non-terminations require Directorate signature. Non-terminations \$500,000 or greater require CV/CD signature.

All non-terminations \$1,000,000 or greater will be signed by LGM System analyst and reported through OO-ALC/CV to HQ AFMC. This report is not required for HQ AFMC directed non-terminations or NSNs that are uneconomical to term per termination spreadsheet.

**SIGNATURE MATRIX FOR EXCESS**

SIGNATURE LEVEL	<u>IMS/ES</u>	FIRST LINE	PRODUCT	FMI
		<u>SUPERVISOR</u>	DIVISION	SYSTEM
DOLLAR VALUE	Up to	\$100,000 and	\$500,000	\$5,000,000
	\$499,999	over	and over	and over

**EXCESS** First time approval for retention of excess material will be obtained per above matrix dollar value, and each fiscal year thereafter for material still showing in excess. IM/MM/ES signature is required for all items computing excess assets, unless the comp has not been worked (off cycles) IAW individual Directorate policy. Interim quarters will be reviewed and annotated by the IMS/MM and ES per IAC.

AFMCMAN 23-1, Chapter 14.6.2.1 directs that use of an “R” Deferred Disposal Code is restricted to Foreign Military Sales (FMS) or life-of-type buys. In exceptional situations, such as the need to retain parts on an older weapon system that can no longer be procured, an “R” code may be used if the Product Directorate obtains OO-ALC Commander written approval. ALC Commander approval should be obtained by submitting a letter through LGM to CC, documenting the reason for retention, listing applicable NSNs and the retention quantity required. Approval must be renewed each fiscal year and retained in the item folder.

If an FMS level is added in the third to last quarter of the computation in lieu of using an “R” deferred disposal code (for INS/NSO or computing items), and it takes the deferred amount out of excess, a signature is not required. If the additive is used for anything other than FMS or life of type buys, the Commander approval must still be obtained.

## Attachment 3

## SIGNATURE MATRIX FOR REPAIR

		FIRST LINE	PRODUCT DIVISION	FMI SYSTEM
SIGNATURE LEVEL	<u>IMS/ES</u>	<u>SUPERVISOR</u>	<u>ANALYST</u>	<u>ANALYST</u>
DOLLAR VALUE	Up to \$99,999	\$100,000 and over	\$100,000 and over	\$1,000,000 and over

**REPAIR** The apportionment year repair requirement will be annotated on the review page of the September cycle D041 Requirements Computation. Signatures will be obtained per above dollar value.

The apportionment year requirement is the first four quarters of the computation on the September cycle. The repair requirement is the **MISTR OUTPUT AC** quantity at the fourth quarter of the computation minus the **PRES MISTR OUTPUT AC**, or the **PT MISTR OUTPUT AC** plus the **PREP MISTR OUTPUT AC**.

Example A: Sep 92 cycle AY repair requirement

<b>MISTR OUTPUT AC Sep 99</b>	348
Unit Repair Cost	x <u>\$6,950</u>
Dollar Value	\$2,418,600
Signature Level (OO-ALC/LGM System Analyst)	

Example B: Sep 99 cycle AY repair requirement (with prestock requirement)

<b>MISTR OUTPUT AC Sep 99</b>	348
<b>PRES MISTR OUTPUT AC</b>	<u>-9</u>
	339
Unit Repair Cost	x <u>\$6,950</u>
Dollar Value	\$2,356,050
Signature Level (OO-ALC/LGM System Analyst)	

Example C: Sep 99 cycle AY repair requirement (with prestock and prepositioned requirement)

<b>PT MISTR OUTPUT AC Sep 99</b>	335
<b>PREP MISTR OUTPUT AC</b>	<u>+4</u>
	339
Unit Repair Cost	x <u>\$6,950</u>

Dollar Value

\$2,356,050

Signature Level (OO-ALC/LGM System Analyst)

**INSTRUCTIONS FOR PRICE VALIDATION:** The Depot Overhaul Repair Data (DORD) reflects the prices of all repair sources and can be validated by comparing it to those prices found on the 31 Oct XX G019C (Organic Repair) and the G072D (Contract Repair) products. It is very important to note that on the **G019C**, the **Unit Repair Cost (URC)** field is used for each actual NSN and Production Number. On the **G072D**, the **Unit Sales Price (USP)** field is used for each contract, NSN and Contract Line Item Number (CLIN). D041 will automatically weight these prices based on past year production data.

**NOTE:** Buy, termination, repair and excess requirements computations that have been previously reviewed, approved, and signed at the prescribed management levels in the last fiscal year do not require review and approval signatures on subsequent computation cycles of that Fiscal year, unless the item asset position or dollar value has changed to a higher signature level. The current computation is annotated to show the comp cycle of the previously approved and signed worksheet.

\*All required signature action for buy, termination, repair and excess computations will be completed **NLT 180 days** after asset cutoff date of the affected comp cycle.